

Advertisers, Here's How to Prepare for a Post-Third-Party Cookie Future

By Gary Nissim, Managing Director Indago Digital

Third-party cookies are the underlying way digital advertising is tracked and monetised. They are also being retired. So, what does that mean to the marketers who rely on them to drive traffic, leads and sales and, more importantly, what should they be doing to prepare for their imminent demise?

In March 2021, Google announced its plans to stop using tracking cookies on its Chrome browser by 2022. What's made this so interesting is that, despite that fact that we've been here before with Safari and survived the fall out, because Chrome owns 71% of Australia's browser market (as opposed to Safari's 9.7% share), marketers are bracing for a full-on earthquake.

What Are Third-Party Cookies?

In short, a third-party cookie is one that's placed on a computer from a website that isn't the one you're visiting. If you use Facebook and Google Ads to advertise product and services, you are likely using their tags to track the effectiveness of your advertising and initiate remarketing on these platforms. I bet you also understand the effectiveness of remarketing whether that be display remarketing or remarketing in search. Third-party cookies are the technology that currently makes this possible and they're the cookies that are being retired.

Why is Marketing Moving Away from Third-Party Cookies?

According to a study by [Pew Research Center](#), 72% of consumers feel that almost all of what they do online is being tracked by advertisers, technology firms or other companies. 81% say that the potential risks of data being misused outweigh the benefits. According to Google searches for 'online privacy' increased by over 50% YOY globally in 2020.

This kind of negative sentiment has been brewing worldwide and it's led to pressure from Internet users and regulators to reign in the use of third-party cookies. In 2019, Europe's highest court dusted off their lasso and ruled that, rather than letting visitors know that they were accepting cookies as they'd done in the past, sites had to give visitors the opportunity to actively consent to it.

In Australia, the law says that if a site uses cookies, it must state how the information is stored and used in their privacy policy, but active consent isn't required (yet).

What Will Google Replace Third-Party Cookies With?

While measures are being taken by the industry at large to create third-party cookie alternatives, [in a statement](#) made in March of this year, David Temkin, Direct of Product Management, Ads Privacy and Trust for Google said, "Today, we're making

explicit that once third-party cookies are phased out, we will not build alternate identifiers to track individuals as they browse across the web, nor will we use them in our products”. Instead, the [Privacy Sandbox](#) has come into play. It’s a space where advertisers and the broader industry can experiment with Google’s advertising tools to develop new targeting techniques.

“One could argue that Apple’s move to drop third party cookies is one focused on privacy, but that Google’s focus is revenue.” says Peter Dimakidis, Indago’s Chief Technical and SEO Officer. “The removal of third-party cookies means advertisers will be more reliant on first party data and who owns more first party data than anyone? Google. They’ve developed yet another way to take control away from advertisers and place it into their own hands.”

Why Should Advertisers Care?

Consumers fear that they are being tracked at an individual level and that the large publishers such as Google are listening to their conversations, which is unfounded. Outside of remarketing, there’s little advantage to tracking individuals across the internet. What’s useful for advertisers are cohorts – anonymous groups of people who behave the same and exhibit similar preferences. Google’s move to the ‘Privacy Sandbox’ and initiatives outside of Google to create unified IDs will provide improved opportunities for advertisers to serve relevant, contextual ads to these cohort groups.

The impact to ad tech platforms that specialise in retargeting will be significant though. While the writing has been on the wall for some time and tech companies have been preparing for the changes, those with business models that rely on being able to provide personalised ads across their partner sites are going to find the task increasingly hard (if not impossible).

How Will This Affect Marketing?

It all depends on where a marketer is advertising. Marketing within the Google ecosphere will remain strikingly similar, we’ll simply be more reliant on Google to both serve and track our marketing. For most of our clients at Indago - who are conversion focused, invest heavily in SEO and paid search (on Google) and use Google Analytics as their main source of truth - the negative effects will be minimal.

Relying on Google Analytics to model the effectiveness of advertising activity could be some cause for concern but let’s wait and see. Says Vidhya Srinivasan, Vice President, Engineering, Google Ads [said of GA4](#), “...the new Analytics is designed to adapt to a future with or without cookies or identifiers. It uses a flexible approach to measurement, and in the future, will include modelling to fill in the gaps where the data may be incomplete. This means that you can rely on Google Analytics to help you measure your marketing results and meet customer needs now as you navigate the recovery and as you face uncertainty in the future.”

For advertisers who are reliant on non-Google platforms, your preparation needs to be more aggressive than those reliant on Google.

Should Advertisers Be Scared?

Digital marketers always have something to be scared over – it wasn't long ago that we were all panicking about Google's threat to withdraw from Australia.

Remember that digital advertising represents over half of all ad dollars spent in Australia and is huge business globally. The ability to track consumers and report effectively on ad spend won't disappear – it'll morph, and advertisers need to make sure their knowledge morphs with it.

How Can Advertisers Prepare for This?

1) Stay informed – that's the main aim. Marketers who are currently using ad tech that's powered by third-party cookies should open up discussions with their vendors about how they plan to mitigate the impact of upcoming changes. Those that work with an agency should quiz their agency partners on their strategy. If they don't have a plan, insist on one or move your dollars where preparations have been made and strategies have been devised.

In an 'attention economy' that's noisy, cluttered and all-too-often unimaginative, being up to date with new and emerging opportunities could also give advertisers the chance to lead, while those who are less informed play catch up.

2) First party cookies – get building. The loss of third-party cookies doesn't leave the jar empty. First-party cookies - the ones that save your shopping cart, remember your password and learn about what visitors like so the site can offer relevant offers and content– are safe. They give marketers the ability to collect on-site data and there are plenty of innovative ways to put this information to use.

3) First party data – get collecting. All good B2B marketers know what I mean. Provide your customers (or potential customers) with reasons to provide their data: free products, discounts, competitions, or information they desire. The more data collected on customers, the more value your data has. Remember as a customer gains more trust in a brand the more data the brand can collect. Great to get an e-mail address and name but what about age, gender, interests, location, dependants, marital status, DOB, etc.?

The recently released '[IAB State of Data 2021](#)' report found that only slightly over half of all surveyed brands, agencies, publishers, and data and ad tech companies collected basic first-party data and, of those that did, the majority (53%) didn't leverage it for advertising and marketing purposes. Needless to say, this is a huge untapped opportunity.

Google & BCG's, [Responsible Marketing With First-Party Data](#), looked at companies that did use this data to say; "APAC brands that used first party data saw an increase of 11% annual incremental revenue and 18% increase in cost efficiency".

Without the ability to continue to target individuals and prospects when they've left a site, the future is bright for marketers who can harness first-party cookies in such a way that they can use identified trends and behaviours to build content and deliver experiences that maximise relevance for their audience.

Next Steps

Don't panic, not yet anyway. Above all, stay abreast of changes as they come. What we know from being in the digital marketing arena for a long time is that, while changes can be daunting, the challenges they pose instigate innovation and creativity and that's what ultimately makes the web evolve and prosper.

Adapt your website to collect more first party data and get better at using first party cookies. Also ensure any marketing partners you work with that leverage third party cookies have a solid action plan to outmanoeuvre the challenge.

Be prepared and you'll be well placed to navigate the inevitable death of third-party cookies.

About the Author

Gary is the co-founder of Indago Digital. He has set up digital marketing offerings for a range of agency groups in the UK, Australia and New Zealand, and has over 20 years' experience running digital campaigns for some of the world's best-known brands.

He is also known as a commentator for search marketing and trainer for Google Squared Online, Australian Institute of Management, ADMA and the IAB.

About Indago Digital

[Indago Digital](http://www.indagodigital.com.au) is a digital performance marketing agency, specialising in search. They're experts in the techniques and technologies that increase the effectiveness of their clients' digital assets.

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